

Oral Doses: Enter the total number of oral medications (doses) given on the target date. Include prescription and non-prescription medications. Count any medication given per feeding tube.

Injections: Enter the total number of injections given on the target date. Include subcutaneous and intramuscular injections. If the resident is receiving intravenous medications via intravenous fluids or Heparin lock, count each time the medication is administered.

Other Medications: Enter the total number of medications, other than oral/injections, given on the target date. Example: Eye drops, Nitrogl ointment, etc. Count the total number of doses/applications, etc.

Prescriptions in Effect

Total prescriptions: Enter the total number of prescription orders in effect on the target date. Include provided as needed (PRN) medications. Do not include over-the-counter medications such as Tylenol, Maalox, etc.

204. NEW RESIDENTS WITHOUT COMPLETED MINIMUM DATA SET
EVALUATIONS

Residents who have been in the facility for less than twenty-one (21) days on the target date do not have to meet the criteria listed under Sections 201.01B, 201.10D, 201.12F, or 201.17H.

However, only those ADL's, behavior problems, special treatments, and clinical monitoring which are documented in the medical record shall be scored on the assessment form.

COMMONWEALTH OF KENTUCKY
Cabinet for Human Resources
Department for Medicaid Services

KENTUCKY MEDICAID PROGRAM
NURSING FACILITY REIMBURSEMENT MANUAL

PART III
COST PRINCIPLES

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Department for Medicaid Services
Cost Principles

Nursing Facilities

PART III

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300. INTRODUCTION

- A. The material in this part deals with provider costs that are reimbursable by the Program. In general these costs are reimbursed on the basis of a provider's actual costs, providing these costs are reasonable and related to patient care. These costs are termed allowable costs. That portion of a provider's total allowable costs allocable to services provided to Program patients is reimbursable under the Program.
- B. Reasonable cost includes all necessary and proper expenses incurred in rendering services, such as administrative costs, maintenance costs, and premium payments for employee health and pension plans. It includes both direct and indirect costs and normal standby costs. However, where the facility's operating costs include amounts not related to patient care, specifically not reimbursable under the Program, or flowing from the provision of luxury items or services (that is, those items or services substantially in excess of or more expensive than those generally considered necessary for the provision of needed health services), such amounts shall not be allowable.

- C. The determination of allowable cost under this part shall be supplemented by the Health Care Financing Administration, Health Insurance Manual.
- D. It is not possible to include the treatment of all items in this manual. In the event that a provider presents a question concerning the treatment of cost not specifically covered, or desires clarification of information in this manual, the provider may make a request for determination. The request shall include all pertinent data in order to receive a binding response. Upon receipt of the request, the Department shall issue a binding response within sixty (60) days.

310. ADEQUATE COST DATA

- A. To receive reimbursement for services provided to program beneficiaries, providers shall maintain financial records and statistical data sufficient to allow proper determination of costs payable under the Program.

This cost data shall be of sufficient detail to allow verification by qualified auditors using General Accounting Office and American Institute of Certified Public Accountants guidelines.

The cost data shall be based on Generally Accepted Accounting Principles except where they conflict with this manual or Title XVIII reimbursement principles.

Use of the accrual basis of accounting is required. Governmental institutions that operate on a cash basis of accounting may submit cost data on the cash basis subject to appropriate treatment of capital expenditures.

Under the accrual basis of accounting, revenue is reported in the period in which it is earned regardless of when it is collected, and expenses are reported in the period in which they are incurred, regardless of when they are paid.

To allow comparability, financial and statistical records should be maintained in a manner consistent from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures when there is reason to effect such change.

- B. Providers, when requested, shall furnish the Department copies of patient service charge schedules and changes thereto as they are put into effect. The Department shall evaluate such charge schedules to determine the extent to which they may be used for determining Program payment.
- C. Where the provider has a contract with a subcontractor, e.g., pharmacy, doctor, hospital, etc., for service costing or valued at \$10,000 or more over a 12-month period, the contract shall contain a clause giving the Cabinet access to the subcontractor's books. Access shall also be allowed for any subcontract between the subcontractor and an organization related to the subcontractor. The contract shall contain a provision allowing access until four years have expired after the services have been furnished.

- D. When the Department determines that a provider does not maintain or no longer maintains adequate records for the determination of reasonable cost under the Program, payments to such providers shall be suspended until the Department is assured that adequate records are maintained.
- E. A newly participating provider of services shall, upon request, make available to the Department for examination its fiscal and other records for the purpose of determining such providers ongoing record keeping capability.
- F. Records shall be retained by the facility for three years from the date the settled-without-audit or the audited cost report is received from the Program.

The financial records and statistical data that shall be kept shall include, but not be limited to:

- (1) records and documents relating to facility ownership, organization, and operation; (2) all invoices and purchase orders, (3) all billing forms or charge slips, (4) all agreements pertaining to asset acquisition, lease, sale or other action; (5) documents pertaining to franchise or management arrangements including costs of

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